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No. 07-157

In the
Supreme Court of the United States

DIPPIN' DOTS, INC., ET AL.,
Petitioners,

v.

THOMAS R. MOSEY, ET AL.,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

CONDITIONAL CROSS-PETITION FOR WRIT OF CERTIORARI

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CONDITIONAL CROSS PETITION FOR WRIT OF CERTIORARI

QUESTION PRESENTED

Whether the continued use by the Federal Circuit of the "reasonable examiner" standard for determining materiality in the context of inequitable conduct instead of the materiality standard codified at 37 C.F.R. § 1.56 conflicts with *Chrysler Corp.* v. *Brown*, 441 U.S. 281 (1979).

PARTIES TO THE PROCEEDING

Dippin' Dots, Inc. and Curt D. Jones, *Conditional Cross Petitioners*.

Thomas R. Mosey, Dots of Fun, International Laser Expressions, Inc. (also known as I.L.E., Inc.), Nicholas Angus, Frosty Bites, Inc. (now known as Mini Melts, Inc.), and Frosty Bites Distribution, LLC, *Conditional Cross Respondents*.

RULE 29.6 STATEMENT

Conditional Cross Petitioner Dippin' Dots, Inc. has no parent corporations and there are no publicly held companies that hold 10% or more of Conditional Cross Petitioner's stock.

TABLE OF CONTENTS

QUESTION PRESENTED i

PARTIES TO THE PROCEEDINGS ii

RULE 29.6 STATEMENT iii

TABLE OF CONTENTS iv

TABLE OF AUTHORITIES vi

OPINIONS BELOW 1

JURISDICTION 1

RELEVANT PROVISION INVOLVED 1

STATEMENT OF THE CASE 4

REASONS FOR GRANTING THE PETITION 9

I. Based upon *Chrysler*, 37 C.F.R. § 1.56 Has the Force and Effect of Law 12

A. 37 C.F.R. § 1.56 Is a Substantive Rule 13

B. 37 C.F.R. § 1.56 Is a Product of a Legislative Grant of Authority 14

C. 37 C.F.R. § 1.56 Was Promulgated in Conformity with Procedural Requirements Imposed by Congress 16

II. Application Herein 17

CONCLUSION 19

APPENDIX

Cross Appendix A: 4/6/07 Federal Circuit Order . . 1a

TABLE OF AUTHORITIES

Cases

A.B. Dick Co. v. Burroughs Corp.,
798 F.2d 1392 (Fed. Cir. 1986) 17

Am. Hoist & Derrick Co. v. Sowa & Sons, Inc.,
725 F.2d 1350 (Fed. Cir. 1984) 17

Animal Legal Defense Fund v. Quigg,
932 F.2d 920 (Fed. Cir. 1991) 13

Bruno Indep. Living Aids, Inc. v. Acorn Mobility Servs., Ltd.,
394 F.3d 1348 (Fed. Cir. 2005) 8

Chrysler Corp. v. Brown, 441 U.S. 281 (1979) . . . *passim*

Digital Control Inc. v. Charles Machine Works,
437 F.3d 1309 (Fed. Cir. 2006) 9, 17, 18, 19

Gerritsen v. Shirai,
979 F.2d 1524 (Fed. Cir. 1992) 14

Hazel-Atlas Glass Co. v. Hartford-Empire Co.,
322 U.S. 238 (1944) 17

Keystone Driller Co. v. Gen. Excavator Co.,
290 U.S. 240 (1933) 17

Molins PLC v. Textron, Inc.,
48 F.3d 1172, 1178 (Fed. Cir. 1995) 7

Nat'l Latino Media Coalition v. FCC,
816 F.2d 785 (D.C. Cir. 1987) 18

Precision Instrument Mfg. v. Auto. Maint. Mach. Co.,
324 U.S. 806 (1945) 17

Stevens v. *Tamai*,
366 F.3d 1325 (Fed. Cir. 2004) 14

Statutes and Regulations

5 U.S.C. § 553(b)-(c) (2000) 16
28 U.S.C. § 1254(1) 1
35 U.S.C. § 2 (2000) 14
35 U.S.C. § 101 13
37 C.F.R. § 1.56 (2000) . . . . . *passim*
57 Fed. Reg. 2021, 2023 (Jan. 17, 1992) 15, 16

Other

Attorney General's Manual on the Administrative Procedure Act (1947) 13

H.R. 1908, 110th Cong. § 282 (as reported by H.R. Comm. on the Judiciary, July 16, 2007) 10

S. 1145, 110th Cong. § 298 (as reported by S. Comm. on the Judiciary, July 7, 2007) 10

OPINIONS BELOW

The Opinion of the Federal Circuit is officially reported at 476 F.3d 1337 and is reprinted at App. 1a-24a. The order denying the petition for panel rehearing and rehearing en banc is unofficially reported at 2007 U.S. APP. LEXIS 9604 and is reprinted at Cr. App. 1a-3a. The district court's judgment is unreported and is reprinted at App. 28a-33a. The district court's order and opinion on inequitable conduct is unofficially reported at 2004 WL 1391803 and is reprinted at App. 50a-62a.

JURISDICTION

The judgment of the Federal Circuit was entered on February 9, 2007. The Conditional Cross Petitioners timely filed a petition for panel rehearing and rehearing en banc, which was denied on April 6, 2007. The Petition for Writ of Certiorari was filed on July 5, 2007. The Conditional Cross Petition for Writ of Certiorari under Rule 12.5 is due on August 6, 2007. This Court has jurisdiction under 28 U.S.C. § 1254(1).

RELEVANT PROVISION INVOLVED

37 C.F.R. § 1.56

> (a) A patent by its very nature is affected with a public interest. The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability. Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the

Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section. The duty to disclose information exists with respect to each pending claim until the claim is cancelled or withdrawn from consideration, or the application becomes abandoned. Information material to the patentability of a claim that is cancelled or withdrawn from consideration need not be submitted if the information is not material to the patentability of any claim remaining under consideration in the application. There is no duty to submit information which is not material to the patentability of any existing claim. The duty to disclose all information known to be material to patentability is deemed to be satisfied if all information known to be material to patentability of any claim issued in a patent was cited by the Office or submitted to the Office in the manner prescribed by §§ 1.97(b)-(d) and 1.98. However, no patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct. The Office encourages applicants to carefully examine:

(1) Prior art cited in search reports of a foreign patent office in a counterpart application, and

(2) The closest information over which individuals associated with the filing or prosecution of a patent application believe any pending claim patentably defines, to make sure that any material information contained therein is disclosed to the Office.

(b) Under this section, information is material to patentability when it is not cumulative to information already of record or being made of record in the application, and

(1) It establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim; or

(2) It refutes, or is inconsistent with, a position the applicant takes in:

(i) Opposing an argument of unpatentability relied on by the Office, or

(ii) Asserting an argument of patentability.

A prima facie case of unpatentability is established when the information compels a conclusion that a claim is unpatentable under the preponderance of evidence, burden-of-proof standard, giving each term in the claim its broadest reasonable construction consistent with the specification, and before any consideration is given to evidence which may be submitted in an attempt to establish a contrary conclusion of patentability.

(c) Individuals associated with the filing or prosecution of a patent application within the meaning of this section are:

(1) Each inventor named in the application;

(2) Each attorney or agent who prepares or prosecutes the application; and

(3) Every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application.

(d) Individuals other than the attorney, agent or inventor may comply with this section by disclosing information to the attorney, agent, or inventor.

(e) In any continuation-in-part application, the duty under this section includes the duty to disclose to the Office all information known to the person to be material to patentability, as defined in paragraph (b) of this section, which became available between the filing date of the prior application and the national or PCT international filing date of the continuation-in-part application.

STATEMENT OF THE CASE

Dippin' Dots, Inc. ("DDI") produces and distributes a frozen novelty ice cream product manufactured by the process claimed in U.S. Patent No. 5,126,156 ("the '156 patent"). Mr. Curt Jones is the founder of DDI and the inventor of the process claimed in the '156 patent. Claim 1 of the '156 patent describes a six-step method for making, storing, and serving frozen free-flowing beads of ice cream:

(1) Preparing an alimentary composition for freezing;

(2) Dripping the alimentary composition into a freezing chamber;

(3) Freezing the dripping alimentary composition into beads;

(4) Storing the frozen beads at a temperature at least as low as -20 degrees F so as to maintain the beads in a free-flowing state for an extended period of time;

(5) Bringing the beads to a temperature between substantially -1[illegible] degrees F and -20 degrees F prior to serving; and

(6) Serving the beads for consumption at a temperature between substantially -10 degrees F and -20 degrees F so that the beads are free flowing when served.

(JA0348 at column 6, claim 1.)[1]

Mr. Jones first began the research and development that led to his invention in 1987. (JA1319-JA1323; JA0559.) Mr. Jones kept extensive notebooks recording his progress and experimental ideas concerning the product he hoped to create. (JA1339-JA1341; JA1365-JA1368; JA1459-JA1462; JA1579-JA1583.) On June 17, 1987, Mr. Jones first served cups of frozen beads and nuggets that he had made by streaming and dripping liquid ice cream into liquid nitrogen at about -320 degrees at a company picnic. (*See* JA1325-JA1328; JA1337-JA1339.) To prevent burning, he had to wait to serve the product until it had warmed significantly. (JA1325-JA1328; JA1366; JA1397.) About a month later, Mr. Jones was working with a process that created a free-flowing, beaded ice cream product. He served this product at a meeting of officials of the Festival Market retail development. (JA1325-

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[1] "JA" refers to the joint appendix filed with the Federal Circuit.

JA1332.) Around the same time, Mr. Jones took samples of the beaded product to two local restaurants. (JA1335-JA1338.) During ten days in August and September of 1987, Mr. Jones sold test samples of a product having frozen beads and nuggets, much like the product samples he served at the June picnic, at Festival Market. (JA1329-JA1333.) At that time, Mr. Jones had not yet ascertained the temperature range to which the frozen beads and nuggets should be warmed before serving for direct consumption. Rather, Mr. Jones told consumers not to eat the samples until they stopped "smoking" to let them warm to a safe temperature. (JA1346-JA1350; JA1365-JA1367; JA1395-JA1398; JA1398-JA1401; JA1409-JA1412.)

Ultimately, Mr. Jones settled on a method that produced frozen, free-flowing, all-beaded ice cream, to be stored for extended periods at a temperature at least -20 degrees Fahrenheit and "tempered" for service for direct consumption at a temperature somewhere between -10 and -20 degrees Fahrenheit. (JA0348.) Mr. Jones filed his patent application on March 6, 1989. (JA0365.)

During prosecution of the '156 patent, Mr. Jones disclosed the pre-critical date experimental activities to his patent attorney, Mr. Warren Schickli. (JA1361-JA1364; JA1402-JA1405; JA1406-JA1410; JA1579-JA1582.) Mr. Schickli's review showed that Mr. Jones practiced only the first three steps out of the six steps recited in claim 1 of the '156 patent. (JA1337-JA1339; JA1597-JA1598; JA1634-JA1635.) Indeed, Mr. Jones did not even acquire the necessary equipment to practice the last three steps until after March 6, 1988. (JA1365-JA1367.) The samples distributed at Festival Market were neither subject to extended storage nor served for direct consumption. (JA1596-JA1600.) Mr. Schickli thus determined that he did not need to disclose the

Festival Market sales to the Patent Office. (JA1361-JA1364; JA1634-JA1635.)

The '156 patent application initially was rejected as obvious over the prior art as the patent examiner concluded that all six steps of claim 1 were found in the prior art. (JA0391-JA0395.) Mr. Jones successfully overcame this rejection by submitting a declaration with objective evidence of non-obviousness. (JA0503-JA0509; JA0525.) Specifically, the declaration detailed the commercial success of his method for producing quick-frozen beads of ice cream that are free flowing when served for direct consumption at a temperature between -10 and -20 degrees Fahrenheit. (JA0506-JA0508.) Mr. Jones stated that the method as claimed was "the first method to allow serving of a completely free flowing frozen alimentary dairy product for direct consumption by consumers." (JA0506.) The examiner allowed the claims on January 8, 1992, (JA0525), and the '156 patent issued on June 30, 1992. (JA0344.)

Following a jury trial in this case, the district court held the '156 patent to be unenforceable due to inequitable conduct during the prosecution of the patent for the failure to disclose the Festival Market sales. *Dippin' Dots, Inc.* v. *Mosey*, No. Civ. A. 396CV1959L, 2004 WL 1391803, at *6 (N.D. Tex. June 3, 2004). The district court stated that a party alleging inequitable conduct during prosecution must prove by clear and convincing evidence both that the patentee made a material misrepresentation or omission to the Patent Office and that the patentee intended to mislead. *Id.* at *2 (citing *Molins PLC* v. *Textron, Inc.*, 48 F.3d 1172, 1178 (Fed. Cir. 1995)). In determining that Mr. Jones' activities at the Festival Market were material, however, the district court did not refer to the regulations of the Patent Office that defined what may be considered material to the prosecution of the

patent. *See* Duty to disclose information material to patentability, 37 C.F.R. § 1.56 (2000) ("the Regulation"). Rather, the district court stated that a "prior art reference is material if there is substantial likelihood that a reasonable patent examiner would consider the reference important to the decision of whether to issue a patent." *Dippin' Dots*, 2004 WL 1391803 at *2.

Although the "reasonable examiner" standard was the applicable materiality standard at one time, the standard was modified by the 1992 revision of 37 C.F.R. § 1.56. The revised Regulation applied to all applications pending on or filed after March 16, 1992, and governs an applicant's duty of disclosure to the Patent Office. *See Bruno Indep. Living Aids, Inc.* v. *Acorn Mobility Servs., Ltd.*, 394 F.3d 1348, 1352 (Fed. Cir. 2005). The relevant portion of the Regulation states that information is material to patentability when:

> *[I]t is not cumulative to information already of record* or being made of record in the application, and
>
> (1) It establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim; or
>
> (2) It refutes, or is inconsistent with, a position the applicant takes in:
>
> > (i) Opposing an argument of unpatentability relied on by the Office, or
> >
> > (ii) Asserting an argument of patentability.

37 C.F.R. § 1.56(b) (2000) (emphasis added).

The revised materiality standard was applicable to the prosecution of this patent. This point is significant because the Festival Market sales were, by definition, cumulative to the art of record before the patent examiner. Specifically, the patent examiner had found that each of the six steps of claim 1 were in the prior art. (JA0391-JA0395.)

On appeal, the Federal Circuit held that the Festival Market sales were material to patentability because they were something that "a reasonable examiner would have considered ... important in deciding whether to allow the ... application." *Dippin' Dots, Inc.* v. *Mosey*, 476 F.3d 1337, 1345 (Fed. Cir. 2007). In doing so, the Federal Circuit cited its prior decision in *Digital Control Inc.* v. *Charles Machine Works*, 437 F.3d 1309, 1316 (Fed. Cir. 2006) for the proposition that the "'reasonable examiner' standard remains sufficient ground for inequitable conduct materiality even after the 1992 amendment of 37 C.F.R. § 1.56." *Dippin' Dots*, 476 F.3d at 1345. The Federal Circuit thus ignored the issue of whether the Festival Market sales were cumulative despite the plain language of the Regulation.

REASONS FOR GRANTING THE PETITION

This Court should grant this petition for writ of certiorari to correct the Federal Circuit's erroneous reliance on the "reasonable examiner" standard of materiality instead of the materiality standard codified at 37 C.F.R. § 1.56. The Federal Circuit's refusal to follow the duly enacted Regulation establishing the materiality standard violates this Court's decision in *Chrysler Corp.* v. *Brown*, 441 U.S. 281 (1979), concerning whether a regulation has the force and effect of law. Had the Federal Circuit followed the Regulation, the Festival Market sales would, by definition, lack materiality such that there could be no finding of inequitable conduct.

Specifically, the three steps that may have been practiced at Festival Market cannot be considered material under the Regulation as a matter of law because they are cumulative of the prior art already before the patent examiner.[2]

In this Court's *Chrysler* decision, Chrysler sought to enjoin agency disclosure of certain information under the Trade Secrets Act. *Id.* at 281. As a party to government contracts, Chrysler was required to comply with Executive Orders charging the Secretary of Labor with ensuring that corporations benefiting from government contracts did not discriminate in their employment based on race or sex. *Id.* at 286. The Department of Labor ("DOL") promulgated regulations that required government contractors to furnish reports about their affirmative action programs and the composition of their work forces. *Id.* Other regulations provided for the public disclosure of such information. *Id.* at 287. The case arose when the DOL informed Chrysler of Freedom of Information Act requests for the disclosure of affirmative action plans for Chrysler's Delaware assembly plant. *Id.* Chrysler objected to the release of this information

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[2] Cross Petitioners are aware of current efforts in both houses of the United States Congress to reform the Patent Act, Title 35, United States Code. The most current reform bill under consideration in each chamber would explicitly adopt the "reasonable examiner" standard of materiality but would also provide that information that is cumulative to information already of record in a patent application would not be material. *See* S. 1145, 110th Cong. § 298 (as reported by S. Comm. on the Judiciary, July 7, 2007); H.R. 1908, 110th Cong. § 282 (as reported by H.R. Comm. on the Judiciary, July 16, 2007). Therefore, Cross Petitioners' Question Presented would not be mooted even if the proposed legislation is enacted.

and then filed suit seeking to enjoin the release of the Delaware documents. *Id.* at 287-88.

In support of its claim for injunctive relief, Chrysler argued that the disclosures were inconsistent with the Trade Secrets Act, 18 U.S.C. § 1905. *Id.* at 288. The Secretary of Labor had promulgated a regulation, 29 C.F.R. § 70.21(a), stating that no officer or employee of the DOL could violate 18 U.S.C. § 1905. *Id.* The district court construed the statute as not merely a prohibition on the unauthorized disclosure of sensitive information by government employees but as a restriction on official agency actions taken pursuant to promulgated regulations. *Id.* at 289. The Court of Appeals for the Third Circuit, however, disagreed with this interpretation of 29 C.F.R. § 70.21(a). *Id.* By the terms of the regulation, the specified disclosures were only proscribed if "not authorized by law". *Id.* In the view of the Third Circuit, the disclosures in the case were authorized by law such that it held 29 C.F.R. § 70.21(a) to be inapplicable. *Id.*

On appeal to this Court, Chrysler argued that the regulations relied upon by the Third Circuit as authorizing the disclosures did not have the force of law. *Id.* at 295. The Court noted that it is well established that properly promulgated, substantive agency regulations have the "force and effect of law." *Id.* In fact, the doctrine is so well established that agency regulations implementing federal statutes have been held to pre-empt state law under the Supremacy Clause. *Id.* at 295-96. In addressing Chrysler's arguments, the Court held that in order for a regulation to have the "force and effect of law," the regulation (1) must be substantive, (2) must be the product of a congressional grant of legislative authority, and (3) must be promulgated in conformity with the procedural requirements imposed by Congress. *Id.* at 301-03.

The Court held that the regulations authorizing the disclosures were substantive because they affected individual rights and obligations, governed the public's right to information, and governed the confidentiality of those who submit information. *Id.* at 303. The Court, however, held that the regulations were not the product of a congressional grant of legislative authority. *Id.* at 306.

> We think that it is clear that when it enacted these statutes, Congress was not concerned with public disclosure of trade secrets or confidential business information, and, unless we were to hold that any federal statute that implies some authority to collect information must grant *legislative* authority to disclose that information to the public, it is simply not possible to find in these statutes a delegation of the disclosure authority asserted by the respondents here.

Id. The Court further held that the disclosure regulations could not have the force and effect of law because they were enacted without the notice and comment procedures required before a substantive rule is promulgated. *Id.* at 312-14.

I. Based upon *Chrysler*, 37 C.F.R. § 1.56 Has the Force and Effect of Law.

The Petitioners herein thus assert that 37 C.F.R. § 1.56 meets the *Chrysler* standard such that it has the force and effect of law. Given such, the Federal Circuit is in error for ignoring the plain language of the Regulation. Whether the "reasonable examiner" standard is broader or narrower than the Regulation is immaterial. The issue is that the Regulation specifically states that cumulative information is not material, 37 C.F.R. §1.56(b), and that this directive has been ignored by the Federal Circuit.

A. 37 C.F.R. § 1.56 Is a Substantive Rule.

For a rule to have the force and effect of law, it must be a substantive rule as opposed to an interpretive rule, a general statement of policy, or a rule of agency organization, procedure, or practice. *Chrysler*, 441 U.S. at 301. A substantive rule is a "legislative-type rule" or one affecting individual rights and obligations. *Id.* at 302. In contrast, an interpretive rule may be "issued by an agency to advise the public of the agency's construction of the statutes and rules which it administers." *Id.* n.31 (citing Attorney General's Manual on the Administrative Procedure Act (1947) at 30 n.3). "General statements of policy are 'statements issued by an agency to advise the public prospectively of the manner in which the agency proposes to exercise a discretionary power.'" *Id.* n.31.

In this case, 37 C.F.R. § 1.56 is clearly a substantive rule because it impacts individual rights and obligations regarding patents. The Regulation defines the types of disclosure that are required during prosecution of a patent and whether a duly granted patent will be held to be enforceable. The Regulation is not an interpretive rule or a general statement of policy. For example, it can easily be contrasted with the Federal Circuit's decision in *Animal Legal Defense Fund* v. *Quigg*, 932 F.2d 920 (Fed. Cir. 1991), which involved the publication of a mere notice that the Patent Office would issue rejections under 35 U.S.C. § 101 in response to the decision of this Court. The Regulation thus meets the requirement of being a substantive rule.

B. 37 C.F.R. § 1.56 Is a Product of a Legislative Grant of Authority.

For an agency regulation to have the force and effect of law, the regulation must be the product of a legislative grant of authority. *Chrysler*, 441 U.S. at 302. "The legislative power of the United States is vested in the Congress, and the exercise of quasi-legislative authority by governmental departments and agencies must be rooted in a grant of such power by the Congress and subject to limitations which that body imposes." *Id.*

Here, Congress granted the Patent Office authority to promulgate regulations. 35 U.S.C. § 2 (2000). Specifically, Congress authorized the Patent Office to establish regulations that (1) shall govern the conduct of proceedings in the Office, if the regulations (2) are not inconsistent with law and are (3) made in accordance with section 553 of title 5. *Id.* § 2(b)(2). Congress, by statute, thus expressly gave the Patent Office authority to promulgate regulations that govern the conduct of proceedings therein. The Federal Circuit has interpreted the grant of authority as delegating "plenary authority" to the Patent Office regarding practice therein. *See Stevens* v. *Tamai*, 366 F.3d 1325, 1333 (Fed. Cir. 2004) (citing *Gerritsen* v. *Shirai*, 979 F.2d 1524, 1527 n.3 (Fed. Cir. 1992)).

In this case, 37 C.F.R. § 1.56 is a regulation governing the conduct of proceedings in the Patent Office. When a court evaluates patent prosecution for inequitable conduct, it is assessing an applicant's conduct before the Patent Office. To determine whether an applicant conducted himself properly during prosecution, a court should look to standards defined by the Patent Office regarding how such proceedings should be conducted. Otherwise, an applicant could be (and

here is) put in the precarious position in which he properly complies with Patent Office regulations regarding how to conduct proceedings before that Office but is later deemed by a court not to have properly complied with the duty of candor because the court is applying a broader standard (i.e., the "reasonable examiner" standard) than that set out by the Patent Office.

The Patent Office has the authority to promulgate regulations determining what information it deems to be material in proceedings before the Office. In enacting the Regulation, the Patent Office clearly intended to provide more clarity and certainty with regard to the materiality standard than existed under previous standards. A review of the comments published in the Federal Register when the Regulation was adopted shows this to be true:

> Comment 1. Nine comments indicated that the Office should not amend § 1.56 since it is presently in conformance to the materiality standard being applied by the Court of Appeals for the Federal Circuit. One comment questioned what practical value of the proposed rule would justify the burden of the change.
>
> Reply: The amendment to § 1.56 was proposed to address criticism concerning a perceived lack of certainty in the materiality standard. The rule as promulgated will provide greater clarity and hopefully minimize the burden of litigation on the question of inequitable conduct before the Office, while providing the Office with the information necessary for effective and efficient examination of patent applications.

Duty of Disclosure, 57 Fed. Reg. 2021, 2023 (Jan. 17, 1992).

Thus, the Patent Office clearly intended to revise the materiality standard so as to make it narrower and more certain. The Patent Office therefore acted in accord with its congressional grant of authority in promulgating the Regulation. The Regulation thus meets the requirement of being a product of a legislative grant of authority.

C. 37 C.F.R. § 1.56 Was Promulgated in Conformity with Procedural Requirements Imposed by Congress.

Agency regulations must be promulgated in conformity with procedural requirements outlined in the Administrative Procedures Act (APA). *Chrysler*, 441 U.S. at 313-14. "Section 4 of the APA, 5 U.S.C. § 553, specifies that an agency shall afford interested persons general notice of proposed rulemaking and an opportunity to comment before a substantive rule is promulgated." *Id.* Generally, the proposed rule must be published in the Federal Register, and interested parties must be given an opportunity to comment on the rule. 5 U.S.C. § 553(b)-(c) (2000).

In this case, the Patent Office complied with the relevant APA requirements. Proposed changes to the Regulation were published in the Federal Register for public comment on August 6, 1991, at 56 Fed. Reg. 37321. 57 Fed. Reg. 2021. Written comments were received and considered by the Patent Office. *Id.* A public hearing was held on October 8, 1991. *Id.* The final version of the Regulation was published on January 17, 1992, after the Patent Office considered all of the relevant material presented. *Id.* The Regulation therefore meets the requirement of being in conformity with procedural requirements imposed by Congress.

II. Application Herein

In *Digital Control*, the Federal Circuit stated that its "reasonable examiner" standard was based in part on the materiality standard articulated by the Patent Office in the Regulation. *Digital Control Inc.* v. *Charles Mach. Works*, 437 F.3d 1309, 1314 (2006). According to the Federal Circuit, the inequitable conduct doctrine was a judicial creation of Supreme Court cases in which the Court refused to enforce patents obtained through fraud by the patentees. *Id.* at 1315 (citing *Precision Instrument Mfg.* v. *Auto. Maint. Mach. Co.*, 324 U.S. 806 (1945); *Hazel-Atlas Glass Co.* v. *Hartford-Empire Co.*, 322 U.S. 238 (1944); *Keystone Driller Co.* v. *Gen. Excavator Co.*, 290 U.S. 240 (1933)). Because "neither the Supreme Court nor the PTO articulated exactly what constituted a material representation," the courts developed several different standards of materiality. *Digital Control*, 437 F.3d at 1315.

Even after the Patent Office amended the Regulation in 1977 to adopt the "reasonable examiner" standard of materiality, the Federal Circuit only classified it as a fourth "official standard." *Id.* (citing *Am. Hoist & Derrick Co.* v. *Sowa & Sons, Inc.*, 725 F.2d 1350, 1362 (Fed. Cir. 1984)). The court stated that there was no reason to be bound to any one standard of materiality, as a finding of inequitable conduct required balancing materiality and intent. *Digital Control*, 437 F.3d at 1315. However, because the "reasonable examiner" standard was broader than the other materiality standards, it "gradually became the sole standard invoked by [the] court." *Id.* at 1316 (citing *A.B. Dick Co.* v. *Burroughs Corp.*, 798 F.2d 1392, 1397 (Fed. Cir. 1986)) (additional citations omitted).

The 1992 revisions to the Regulation introduced the concept that information that is cumulative to that before the patent examiner is not material. The revisions were described by the Federal Circuit as providing an "arguably narrower standard of materiality" as compared to the "reasonable examiner" standard. *Digital Control*, 437 F.3d at 1316. The Federal Circuit, however, specifically held that the new Regulation "does not supplant or replace our case law. Rather, it merely provides an additional test of materiality." *Id.*

The Federal Circuit therefore has plainly stated that it can and will ignore a duly enacted federal regulation in favor of its own precedent. Moreover, the Federal Circuit reserves to itself the right to pick and choose the applicable standard of materiality depending upon the case. Instead of the "clarity" and "certainty" sought by the Patent Office in promulgating the Regulation, 57 Fed. Reg. at 2023, the Federal Circuit instead provides subjectivity and confusion.

The Federal Circuit violates this Court's precedent by ignoring the Regulation. Specifically, 37 C.F.R. § 1.56 is a substantive agency regulation that has the force and effect of law. It is a substantive rule that is the product of a congressional grant of legislative authority and was promulgated in conformity with the procedural requirements imposed by Congress. *Chrysler*, 441 U.S. at 301-03. The Regulation thus has the force and effect of law and may not be ignored by the courts. *See Nat'l Latino Media Coalition* v. *FCC*, 816 F.2d 785, 787-88 (D.C. Cir. 1987) (holding that a regulation having the force of law "is binding upon all persons, and on the courts, to the same extent as a congressional statute").

Moreover, the Federal Circuit's statements that there are as many as five definitions of materiality, *see Digital Control, Inc.*, 437 F.3d at 1316, only serve to sow confusion among patent applicants. With the Federal Circuit willing to continue to add possible definitions of materiality, the task of a patent applicant grows ever more difficult. The Patent Office intended to narrow the definition of materiality in its new rule. If a patent applicant follows this Regulation during prosecution, the applicant ought not have to worry that a court will at a later date invalidate his patent under a definition of materiality that has not yet been developed. The Federal Circuit's refusal to follow the definition of materiality set forth in 37 U.S.C. § 1.56 is erroneous and should be reversed.

CONCLUSION

For the foregoing reasons, the Conditional Cross Petitioners respectfully request that this Conditional Cross Petition for a Writ of Certiorari be granted.

Respectfully submitted,

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Counsel for Petitioners

APPENDIX

CROSS APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Nos. 2005-1330, -1582

[Filed April 6, 2007]

DIPPIN' DOTS, INC. and CURT D. JONES,
Plaintiffs-Appellants,

v.

THOMAS R. MOSEY, DOTS OF FUN, INTERNATIONAL LASER EXPRESSIONS, INC. (also known as I.L.E., Inc.),
Defendants-Cross Appellants,

and

NICHOLAS ANGUS,
Defendant/Counterclaimant-Cross Appellant,

and

FROSTY BITES DISTRIBUTION LLC,
Defendant-Appellee,

and

FROSTY BITES DISTRIBUTOR OF FLORIDA, INC., FROSTY BITES DISTRIBUTOR OF GEORGIA, INC., FROSTY BITES OF MICHIGAN, INC., J&J CONCESSIONS OF NEW JERSEY, INC., FROSTY BITES ICE CREAM COMPANY, LLC, FROSTY BITES SOUTH, INC., INTERNATIONAL ASSOCIATION OF AMUSEMENT PARKS AND ATTRACTIONS, FROSTY BITES OF NEW YORK, LLC, and FROSTY BITES ICE CREAM DEVELOPMENT, LLC,
Defendants,

v.

F. ROBERT ESTY, JR., BARRY JAY BASS, VICTOR BAUER, JACK MILLER, DANIEL KILCOYNE, SHAWN P. KILCOYNE, and DANIEL DOPKO,
Counterclaim Defendants,

and

FROSTY BITES, INC.
(now known as Mini Melts, Inc.),
Counterclaim Defendant-Cross Appellant.

ORDER

A combined petition for panel rehearing and for rehearing en banc having been filed by the Appellant, and a response thereto having been invited by the court and filed by the

Cross-Appellant,* and the petition for rehearing and response, having been referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc and response having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for panel rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on April 13, 2007.

FOR THE COURT,

/s/
Jan Horbaly
Clerk

Dated 04/06/2007

cc: Daniel J. Waren
Robert G. Oake, Jr., Ketih E. Boyles

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* The petition was filed by Dippin' Dots, Inc., et al.